

Item No. 166**AGENDA ITEM MEMORADUM****Town Manager's Office**

Department

Tony Bryan, Finance Director &
Bud Bentley, ATM

Department Director

COMMISSION MEETING DATE (*) - 7:00 PM	Deadline to Town Clerk
<input checked="" type="checkbox"/> March 13, 2011	

*Subject to Change

- | | | | |
|---------------------------------------|---|---|---------------------------------------|
| <input type="checkbox"/> Presentation | <input type="checkbox"/> Reports | <input type="checkbox"/> Consent | <input type="checkbox"/> Ordinance |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Quasi-Judicial | <input checked="" type="checkbox"/> Old Business | <input type="checkbox"/> New Business |

☒ **FY2012 DESIGNATED HIGH PRIORITY ITEM - PRIORITY TOPIC****Topic: Government Efficiency****SUBJECT TITLE: Direction on Employee Issues Related To Transition to a Parking Operations Contractor**

EXPLANATION: If the Commission decides to proceed with negotiating a contract with a parking operations company, staff needs direction on how the Commission would like us to handle the transition of the existing Town employees whose jobs would be eliminated as a result of a contract award.

There are four employees involved:

- 1 full time Parking Supervisor,
- 2 part-time Parking Enforcement Officers, and
- 1 part-time Meter Technician.

Should the Town contract out parking operations, these employees would be considered to be legally laid off from employment with the Town even if they accepted a position with the parking contractor. As such, they would receive severance pay (in accordance with their length of service), be paid for accumulated vacation leave in full, and be paid for 25% of their accumulated sick time. The severance costs for all four employees totals around \$16,000, and the payout of accumulated vacation and 25% of sick leave will cost around \$12,000, for a total of \$28,000 in separation costs. This cost is shown below as an offset to the first year savings.

Table 1 – Savings in the Initial Contract Period

	Year 1	Year 2	Year 3	Total
Parking Contractor	\$124,500	\$124,500	\$124,500	\$373,500
Severance, Vacation and Sick Leave Payout	-\$28,000	N/A	N/A	-\$28,000
Total	\$96,500	\$124,500	\$124,500	\$345,500

Transition of Town Employees

A significant component of the potential savings associated with contracting out the parking function comes from private parking companies having lower labor costs. This is due to the fact that the private companies provide their employees lower hourly wages and less benefits than are provided to Town employees.

For example, the Town currently pays its Parking Enforcement Officers \$16.68 and \$17.64 per hour and the Meter Technician \$19.48 per hour. The number one ranked company, Standard Plus, proposed to pay \$12.00 per hour for each of those positions. Standard Plus does not provide benefits to employees that work 30 hours per week; the Town does.

Standard Plus is willing to hire existing Town employees if those employees meet their screening requirements, however, they would provide their own supervisor. The Town’s existing supervisor could apply for an Enforcement Officer position but at a significant decrease in wages compared to what she earns now; from her current rate of \$27.77 per hour (\$57,757 annually) to \$12 per hour.

Table 2 - Impact on Transitioning Employees

Employees by Position	Hourly Rate		Impact
	Town	Contractor's Rate for Enf. Officer & Meter Tech	
Enf. Officer A	\$16.68	\$12.00	-28%
Enf. Officer B	\$17.64	\$12.00	-32%
Meter Tech	\$19.48	\$12.00	-38%
Town Supervisor	\$27.76	\$12.00	-57%

Since the private companies will be providing their own supervisor, there are only three positions available with the contractor for the four Town employees. However, the contractor has many other South Florida operations and may be able to absorb the fourth employee elsewhere.

Given that labor costs will be a direct pass-through to the Town, the contractor is willing to pay any LBTS employees they hire a higher hourly rate, if the Town is willing to pay for it. For every \$1 increase in the hourly rate for three employees, we estimate the cost to the Town would be around \$5,200 annually. However, Standard Plus only proposed to pay their supervisor \$14 an hour and probably would want to keep the same differential between employees and the supervisor as they had in their proposal, so that would further increase the Town’s costs.

The employees have the right to continue their Town health insurance at their own cost under COBRA for 18 months after their layoff occurs. To help these employees with the transition, the Town could consider continuing to make its current contribution to their health insurance coverage for a period of time. The Town’s current health insurance contributions for all four employees total \$1,868 per month.

EXPECTED OUTCOME: Commission direction on how we should approach negotiating with the first ranked proposer on the question of employee transition issues.

Reviewed by Town Attorney
☐ Yes ☒ No

Town Manager Initials CA